

No. 9871

IN THE
United States Circuit Court of Appeals
For the Ninth Circuit

SIMPLEX WRAPPING MACHINE CO.

(a corporation),

Appellant,

vs.

CHARLES F. SCHULTZ, IRA E. SCHULTZ,
SCHULTZ FOOD COMPANY (a partner-
ship), and GEORGE KOSTER, doing
business under the fictitious name
and style of Koster Candy Company,

Appellees.

Upon Appeal from the District Court of the United States for the
Northern District of California, Southern Division.

BRIEF FOR APPELLANT.

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Appellees.

Upon Appeal from the District Court of the United States for the
Northern District of California, Southern Division.

BRIEF FOR APPELLANT.

This is a civil action for infringement of United States Letters Patent No. 2,049,594 for Bag Making Machine and Method, issued October 5, 1937, to Rene J. Gaubert, of Oakland, California.

THE PARTIES TO THIS SUIT.

The Plaintiff (also the patentee) in the lower Court is Rene J. Gaubert, doing business under the name

of Simplex Wrapping Machine Company, of Oakland, California. Pending this appeal, the patent has been assigned to Simplex Wrapping Machine Co., a corporation, organized by Mr. Gaubert and largely owned by him. The corporation has been substituted as Plaintiff in place of Mr. Gaubert (Trans. p. 37).

The Defendants Charles F. Schultz and Ira J. Schultz, copartners doing business under the name of Schultz Food Company, of Oakland, California, are charged with infringement of the patent by the manufacture, use and sale of certain bag making machines. The additional Defendant George Koster, doing business under the name of Koster Candy Company, of Oakland, California, is charged with use of one of the machines made by Schultz Food Company.

BASIS OF JURISDICTION.

The present appeal is from a decision of the trial Court, namely the United States District Court, for the Northern District of California, Southern Division, signed by District Judge Michael J. Roche, and entered of record March 14, 1941 (Trans. p. 35).

The cause was tried before Judge Roche commencing November 6, 1940, and the Findings of Fact and Conclusions of Law were signed March 14, 1941 (Trans. p. 30). This appeal was noted June 10, 1941 (Trans. p. 38), and Appellant's Designation of Contents of Record on Appeal and Statement of the Points upon Which Appellant Relies on the Appeal was filed of record August 2, 1941 (Trans. p. 315).

The trial Court refused the relief requested in the Complaint, and held that the claims of the patent in suit were void, without making a ruling upon infringement.

Plaintiff-Appellant is seeking a reversal of the trial Court's decision and asks in substance to have this case remanded to the trial Court for entry of a decree in accordance with the prayers of Plaintiff's Bill of Complaint herein, with costs to Plaintiff.

THE INVENTION OF THE PATENT IN SUIT.

The invention described in the Gaubert patent is a machine for the purpose of manufacturing moistureproof cellophane bags, such as are used in the marketing of perishable merchandise like cakes, cookies and popcorn. Briefly, the machine performs certain folding operations upon moistureproof cellophane, together with a sealing operation, to produce a finished bag as shown by Plaintiff's Exhibit 8. An examination of this physical exhibit will simplify an understanding of the machine. Note that on one side of the bag the edges of the cellophane sheet are overlapped and sealed together along a seam extending down one side of the bag (longitudinal seam), and, in addition, one end has been folded over upon itself, and then sealed against one side wall of the bag (bottom seam).

As will be presently explained, the prior art before Gaubert had produced bags of moistureproof cellophane, but these bags were not satisfactory to the

food industry, and they were relatively expensive (Trans. pp. 65 to 68; pp. 155, 156; pp. 161 to 165). Plaintiff's Exhibit 2 is a typical example of a prior art bag. It has glued seams, the same as a common paper bag.

Construction and operation of the Gaubert machine shown in the patent in suit is fully described in the patent itself (Trans. p. 317), and is also described by Plaintiff's expert, Mr. Kercher (Trans. p. 133; also see physical Exhibit 4). Briefly, this machine comprises a frame forming a working table (Trans. p. 318, Fig. 1, No. 10), and upon this table there is a so-called mandrel or former (Trans. p. 318, Fig. 1, No. 36) which is movably mounted so that one can insert a piece of sheet cellophane between the mandrel and the table. In conjunction with the mandrel the machine makes use of folding means (Trans. p. 318, Fig. 1, Nos. 44a and 44b) for successively folding over side margins of the sheet of cellophane over the top of the mandrel, thus forming a longitudinal overlap for the longitudinal seam. The folding mechanism is arranged so that the side margins of the cellophane are folded successively to insure the desired overlap. In order to form the fold for the bottom of the bag, mechanism is provided for folding a projecting end margin of the sheet of cellophane over the end edge of the mandrel. The end edge of the mandrel is that edge which faces the front of the machine (the right-hand side of the machine as shown in Figure 1 of the patent, Trans. p. 318). The end folding means includes a bar (Trans. pp. 318-320, No. 74, Figs. 1 and 4), operated by a mechanism which raises the bar

upwardly and then over the edge of the mandrel and then downwardly upon the mandrel to complete the end fold (Trans. p. 244, Ex. 20, p. 363). As will be presently explained, an end fold to form the end of the bag would be impossible unless some arrangement is made to prevent wrinkling of the upper side of the bag, along the region of the fold (see pp. 27-28 of this brief). In the Gaubert machine this problem is solved by using a so-called "retractable fold line retaining means" which is positioned to establish a definite fold line, and which is retracted before the sealing operation (Trans. p. 91). The form of the fold line retaining means shown in the Gaubert patent is a pair of flat strips 62a and 62b (Trans. p. 320, Fig. 3), which are moved over the forward edge of the mandrel 36 during an end folding operation, and which are then automatically retracted from the end fold (as shown in Figure 14, Trans. p. 328) preparatory for the sealing operation.

In order to form a seal along the overlapping portions of the cellophane, the Gaubert machine applies heat and pressure. Moistureproof cellophane contains a surface coating which fuses upon heating, so that when heat and pressure are applied to overlapping parts of the cellophane, the two parts fuse together (Trans. p. 334, Col. 2, lines 55-60). A characteristic of the Gaubert machine is that heat sealing is carried out simultaneously along the longitudinal and bottom overlapping areas in one pressing operation (Trans. pp. 145-146). The Gaubert patent uses an electric heater (Trans. p. 318, Fig. 1, No. 92) in the form of the Letter T, and this heater is carried by a rock-

ing lever above the mandrel 36 so that after the folding operations have been completed and the fold line retaining elements 62a and 62b have been retracted, the heater is brought down upon the folds of cellophane and heated surfaces are pressed upon both the longitudinal and bottom seams. After the heater has been lifted from the mandrel 36, one can remove the finished bag.

In the machine of Gaubert's patent, the above operations take place automatically, after the operator places a sheet of cellophane below the mandrel 36, and depresses the foot lever 21.

If this Court finds it difficult to understand the Gaubert machine from the patent itself, an understanding may be simplified by examining physical exhibit 4. This machine corresponds closely to what is shown in the Gaubert patent (Trans. p. 318). The flat plate which is between the machine table and the upper T shaped heater is the mandrel or former over which the folding operations occur. To operate the machine, one slips a sheet of cellophane beneath the mandrel and upon the top of the table. Gauging bars locate the sheet in a proper position. Assuming that the electric motor is in operation, one presses down upon the foot lever and this trips a clutch so that the machine is now being driven by the motor. Thereafter the mandrel drops down against the cellophane sheet, and the side folding means turn the margins of the sheet over the top of the mandrel successively so that the edges overlap. Now a flat tube has been formed with a forward end of this tube

projecting from the forward end of the mandrel. The fold line retaining means, in the form of the two strips (62a and 62b, Trans. p. 318, Fig. 1) slide in over top of the mandrel at its forward edge, and then the end folding means engages the projecting end of the cellophane, and bends it upwardly and backwardly over the fold line retaining means. Then the fold line retaining means or strips (62a and 62b of the patent) retract out of the way, and the upper T shaped heater moves downwardly and is pressed upon the overlapping portions of the cellophane to form the longitudinal and bottom seals. After a short interval sufficient to fuse the contacting surfaces of the cellophane together, the heater swings back to its original upper position, and then the operator may remove the completed bag from the mandrel.

THE CLAIMS OF THE PATENT IN SUIT.

Plaintiff in the lower Court relied upon claims 2, 3, 5, 8, 14, 18 and 19 of the patent in suit, and it is these claims which are found invalid by the lower Court. These claims are not simply repetitions of substantially the same mechanical combination. There are important differences which require segregation of the claims into four groups.

The first group consists of claims 2, 5, 18 and 19, and can be referred to generally as claims defining mechanical combinations including particularly the mandrel, the side and end folding means, and the T shaped heater for performing the heating operation.

Claim 3 must be separately considered because it is a machine claim defining a combination of elements including the forming mandrel, the side and end folding means, the retractable fold line retaining means, and the end folding means.

Claim 8 must be separately considered because it is a machine claim defining a combination of elements including the forming mandrel, the side folding means, and a particular type of end folding mechanism.

Claim 14 must be separately considered because instead of being a machine claim, it is a claim drawn to a series of steps forming a method of making a heat sealed bag. Particularly, the method defined by this claim includes the steps of successively folding the side margins to form a longitudinal overlap, then folding the projecting end margins, and thereafter applying pressure and heat to all of the overlapping portions to form a heat seal.

**ANALYSIS OF FINDINGS OF FACT AND CONCLUSIONS OF
LAW OF LOWER COURT.**

The holding of invalidity in the Findings of Fact and Conclusions of Law is based purely upon the showing of the prior art, particularly the following patents:

Hotchkiss	135,275
Beyer	251,402
Hunt	515,121
Hesser	1,020,821

Johnson	1,368,633
Corse	1,703,723
Becker	1,780,142

Finding 13 (Trans. p. 33), which purports to specifically apply certain prior art, refers only to the Beyer, Hunt and Becker et al. patents.

No effort is made in the Findings to segregate the claims as to subject matter, except that claims 2, 5, 8, 14, 18 and 19 are specifically referred to together in Finding 10, and in the last paragraph (Trans. p. 35) under Finding 13, separate reference is made to claim 3. Incidentally this paragraph reveals the extent to which the lower Court went in holding the patent invalid, as it makes the general statement, "There is no invention broadly in the use of a retractable fold line retaining means where desired." Therefore, even counsel for Defendants who prepared the Findings was unable to find a better basis for the Court's decision with respect to claim 3, other than to state that in spite of the absence of this important element in prior art machines, its use would not amount to invention.

THE PRIOR ART PATENTS.

Beyer 251,402, granted in 1881 (Trans. p. 451), is the primary prior art patent relied upon in the Findings of the lower Court. The parties do not differ greatly as to what this patent discloses. They do differ with respect to the importance of differences

between the showing of this patent and the invention defined by the claims in suit.

Briefly, the Beyer machine is for the purpose of making paper bags. It has a table A (Trans. p. 452) and a movable mandrel B under which one places a sheet of paper. When the operator depresses the pedal D, the mandrel B drops down upon the paper, a paster J applies glue or paste to one edge of the paper sheet, and then the plates E and F slide over the mandrel B to fold over the side margins of the paper. An end paster shown in Figure 4 applies paste to the end edge of the paper, and then a sliding folding device L, which carries a roller, moves forward and folds the projecting end of the paper over the end of the mandrel B to form the bottom of the bag. When the pedal D is released, the folding devices return to their retracted positions, and the mandrel B moves back to its initial position to permit the operator to remove the bag.

Both parties agree that the Beyer machine cannot make a heat sealed bag of moistureproof cellophane. They also agree that the Beyer machine does not incorporate a part corresponding to Gaubert's T shaped electrical heater, which in the Gaubert machine is pressed down upon the folded cellophane to form the desired heat seal (Trans. p. 291).

Both parties also agree that the Beyer machine fails to show a fold line retaining means, corresponding to Gaubert's retractable fold line retaining means which serves the important and essential purpose of establishing a fold line for the end folding operation (Trans. p. 267).

A serious defect in the disclosure of Beyer was pointed out in the evidence, and was conceded by Defendants (Trans. pp. 243, 298). Plaintiff's expert pointed out that the Beyer machine could not be used to fold a sheet of material in accordance with the Gaubert folding method, because of the absence of a fold line retaining means (Trans. p. 238). Briefly, if one attempts to put a plain piece of paper, with square cut ends, in the Beyer machine, the folds cannot be made. If one should be able to fold over the side edges of the mandrel to form the top side of the bag, the material forming the top of the bag would wrinkle when one attempted to fold over the end margin. Defendants' counsel during cross-examination of Plaintiff's expert endeavored to show that if the corners of the sheet of material were cut away so as to form simply a projecting flap, then the Beyer machine would be capable of folding such a modified sheet (Trans. pp. 248, 249). The Defendant Charles F. Schultz in his testimony produced a model (Exhibit G) made of pasteboard alleged to be illustrative of the Beyer patent, and in which he endeavored to show that such a cutaway sheet could be folded with the Beyer machine (Trans. p. 269). Also this same witness expressed the opinion that the Beyer machine was intended to be used on special cut paper provided with tabs for forming the end of the bag (Trans. pp. 268-270).

Thus it is agreed by both parties that the Beyer machine will not work upon a plain sheet of paper or other material where one attempts to fold over the complete projecting end portions of the paper

to form the bottom of the bag, as is the case with the Gaubert machine, and as is also the case with the Defendants' machine. As will be presently pointed out, the Defendant Charles F. Schultz admitted on cross-examination that his machine could not be operated satisfactorily without the use of fold line retaining means (Trans. p. 298).

In recognition of the fact that the Beyer machine fails to include Gaubert's heat sealing means, particularly heat sealing means in the form of a T shaped heater, Defendants rely upon Hunt patent No. 515,121 (Trans. p. 459) in conjunction with Beyer. There is no conflict of evidence with respect to what Hunt actually shows. Briefly, he uses a block as shown in his Figure 3, and then common waxed paper is folded about this block to form a bag with an interfolded square bottom. The first folding of the sheet of waxed paper is about the sides of the block, as shown in Figure 4. Then the upper projecting margins are interfolded to the form shown in Figure 5, and thereafter a heated iron is applied to form a heat seal. End and side views of the heated iron are shown in Figures 6 and 7. Note that the top part of this iron is a chunk of metal sufficient in size to entirely cover the top of the block B. An extension D-2 from the upper block is used to cover the vertical seam. Thus with this heated iron it is theoretically possible to seal all of the overlapping portions of the bag in one operation.

In connection with the testimony of the Defendant Charles F. Schultz, a wooden model (Defendants'

Exhibit H, Trans. p. 272) was introduced in evidence as illustrative of the Hunt patent. This model may be noted if the Hunt patent cannot be readily understood from the drawings of the patent (Trans. p. 459).

No satisfactory evidence was produced at the trial to explain how the Defendants hoped to take the disclosure of Hunt, together with Beyer, and form a workable machine incorporating not only the mechanical parts of the Beyer patent, but also a T-shaped heater capable of making a heat seal upon both the longitudinal and bottom seams simultaneously. In testifying about his pasteboard model of the Beyer machine and his wooden model of the Hunt patent, Defendant Charles F. Schultz suggested that after making the folds according to the Beyer patent, one might arrange the side folding devices E and F and the end folding device L in such a manner as to leave the overlapping portions of the sheet of the material exposed, and that the end (the right-hand end face as viewed in Figure 7 of the Hunt patent) of the Hunt heater could then be pressed down upon the overlapping portions of the material to form a heat seal (Trans. pp. 290-292). It was admitted, however, that Hunt does not disclose and did not intend to use the flat T-shaped end face of his heater, and also that the heated faces actually used by Hunt, which are at right angles to each other, could not be used in conjunction with the Beyer machine (Trans. p. 292). Therefore, this is clearly a case of misconstruing the teaching of the prior art, and then proposing a new machine on the basis of the misconstruction,

for the purpose of invalidating Plaintiff's patent. It is submitted this is neither fair nor equitable.

J. A. Mohr & Son v. Alliance Securities Co.,
14 Fed. (2d) 799 (CCA 9, 1926):

“* * * It is to be borne in mind that the prior art here relied upon consists entirely of patents, and that when it is sought by means of prior patents to ascertain the state of the art, ‘nothing can be used except what is disclosed on the face of those patents. They cannot be reconstructed in the light of the invention in suit, and then used as a part of the prior art.’ *Naylor v. Alsop Process Co.*, 168 F. 911, 94 C.C.A. 315; *Frey v. Marvel Auto Supply Co.*, 236 F. 916, 150 C.C.A. 178.”

In addition to the foregoing, it should be noted that Hunt in conjunction with Beyer does not teach how a heater could be built into the machine of Beyer in order to carry out a heat sealing operation instead of pasting or glueing. Apparently we are to presume that a hypothetical person skilled in the art would not only be clairvoyant enough to use the Hunt heater in a way which Hunt does not teach, but in addition that he, without further teaching, would be able to incorporate such a heater in the machine of Beyer, all without creative effort.

Plaintiff has never contended that invention would be involved in using the Hunt patent with cellophane in place of waxed paper. However, aside from the fact that the Hunt bag is not folded or shaped like Gaubert's, Plaintiff has submitted uncontroverted evidence showing that if the Hunt patent were used with mois-

tureproof cellophane, the resulting bag would not protect the contents with respect to absorption of moisture from the atmosphere, which is the prime purpose of a moistureproof cellophane bag (Trans. pp. 310, 312).

To explain this point, Plaintiff's expert Mr. Kercher pointed out that before making the interfolded bottom shown in the Hunt patent, certain portions of the bottom are areas consisting of a single layer of waxed paper, and that these single layers of paper would be heated during the sealing operation, the same as the overlapping portions (Trans. p. 247). Plaintiff's chemical expert Mr. Hyde pointed out that when a single layer of moistureproof cellophane is heated by an iron to a temperature such as used for heat sealing, the moistureproof character of the cellophane is seriously damaged (Trans. pp. 310-312). According to Mr. Hyde's tests, the moistureproofness of the cellophane after being so heated is about one-third the moistureproof properties before heating. Mr. Hyde further stated that if heating is limited to overlapping sheet portions (as with Gaubert's method and machine) in forming a seam, the moistureproof properties are not impaired. The significance of this is that if one should endeavor to use the Hunt teachings to manufacture a moistureproof cellophane bag, single layers of the moistureproof cellophane would be heated the same as overlapping portions, and thus the desired moistureproofness of the resulting sack or bag would be seriously injured.

In the method of the Gaubert patent in suit, and also in all of the Plaintiff's and Defendants' machines,

heat sealing is confined to a special overlap area. This makes possible production of the desired moisture-proof bags which will properly retain products like cookies or popcorn in fresh condition.

With respect to Becker et al. 1,780,142, the Findings of the lower Court merely make reference to this patent in connection with the heat sealing of bags formed of moistureproof cellophane. Plaintiff has never contended that there is anything patentable to the idea of using moistureproof cellophane to make bags, nor has Plaintiff contended that he is the first to use heat sealing in connection with cellophane. Plaintiff does contend that he has invented a new machine and method for the purpose of making heat sealed moistureproof cellophane bags.

Plaintiff's expert concisely described the machine shown by Becker (Trans. pp. 253-255). Briefly, Becker (Trans. p. 494) first takes a long continuous strip of moistureproof cellophane, and then this strip is folded to form a longitudinal (lengthwise) seam which is glued together, thus forming a long flat tube. This tube is then rolled up to form the roll 1 shown in Figure 1 of the patent. In making bags from such a roll of tubing the tube is passed through a series of continuously operating rollers and successively the tube is cut up into short lengths by the knives 12, it is creased or crimped by rollers 15, and then the end is folded over by passing it through the plates 16 and 17. The folded end is ironed flat between rollers 18 and heat sealed by rollers 20. It is not controverted by the parties that the heat sealing fuses to-

gether all of the layers of the cellophane. Therefore, when the Becker bag is filled, there is a closed tab at the lower end of the bag where all of the layers of cellophane have been heat sealed together (Trans. pp. 254-255). No such heat fused tab is present in the bags made by the Gaubert machine, nor with Defendants' machine.

Since Defendants rely upon the Becker patent as showing the state of the art before Gaubert's invention on the manufacture of cellophane bags, the state of the art in this connection can be briefly summarized as follows:

1. The longitudinal (lengthwise) seam was glued, and only the bottom was heat sealed.

2. The bottom heat seal fused all of the layers of cellophane together (including the two side walls of the bag) to form a closed bottom tab.

3. The bags were completed in a roller type of machine in which the material passed continuously through a series of rollers for cutting the material into short lengths, creasing one end, folding over the end, ironing the fold flat, and then heat sealing to form a tab-like bottom.

Defendant has not contended that the machine shown by Becker would solve the problem which is set forth in the preamble of the Gaubert patent, namely to provide a simple machine which could be used by the food industry to make their own bag requirements.

PRIOR ART OTHER THAN BEYER, HUNT AND BECKER.

It is doubtful if Defendants will seriously urge prior art other than Beyer, Hunt and Becker, because they took no testimony with respect to the other prior art introduced. Briefly, the Hotchkiss patent 135,275 (Trans. p. 437) shows a complicated machine for making paper bags. Sheets of paper are wrapped about the forms J, longitudinal overlapping edges are glued, and then the ends of the bags are interfolded and glued to form a square bottom. Such a machine simply forms a conventional square bottomed sack or bag. The folding steps of Hotchkiss are shown in his Figures 10 to 17 inclusive, and the finished bag is shown in Figure 16. The machine bears no resemblance to Plaintiff's machine, and the completed bag is quite different.

Hesser 1,020,821 (Trans. p. 465) is of the same character as Hotchkiss. It shows an elaborate complicated machine intended to produce cardboard boxes provided with liners. The liner is interfolded at its bottom as shown in his Figures 24 to 28 inclusive, and all of the seams are glued or pasted together.

Johnson 1,368,633 (Trans. p. 483) shows a method of making carton linings. The manner of folding is shown in Figures 2 to 5 inclusive. A square bottom is formed for the liner, and the sides are interfolded to form two longitudinal seams. All of the seams are pasted or glued together.

Corse 1,703,723 (Trans. p. 487) shows a folding method similar to Hunt for forming flat bottomed bags. Two electrical heaters are used for forming

the heat seals. Corse first folds his waxed paper about the form 5 with an interfolded bottom (Figure 2) in the same manner as shown by the Hunt patent. Then the top heater 3 is applied to make a longitudinal seam, and thereafter the heater 6 is applied to make a heat seal upon the interfolded bottom. Here again in heat sealing the bottom areas of single thickness are heated the same as overlapped portions of the paper. As previously pointed out (page 15 of this brief), this would not make a satisfactory moistureproof bag when using moistureproof cellophane in place of waxed paper.

**SPECIFIC ANALYSIS OF PATENT CLAIMS AND NOVELTY
DEFINED OVER PRIOR ART.**

With the exception of the method claim 14, all of the claims in suit define combinations of mechanical elements. In many instances the elements are set forth by the word "means" followed by explanatory statements, as for example—"means for folding projecting side margins of the sheet over the side edges of the mandrel". Defining inventions in this fashion has long been accepted as proper by the Courts. *Walker on Patents*, Dellar's Edition, Vol. II, p. 790. *Davis Sewing Machine Co. v. New Departure Mfg. Co.* (CCA 6), 217 Fed. 775.

The patent claims in suit cannot be criticized under the doctrine of *General Electric Company v. Wabash Appliance Corporation et al.*, 304 U.S. 364, 82 L. Ed. 1402, 58 S. C. 899. In that instance the patent claims

were drawn to a special type of tungsten filament for electric incandescent lamps. Instead of the claims defining the essential features of novelty, they simply described the ability of the product to remedy problems in the art.

As previously pointed out, the claims in the present instance define novelty over the prior art by describing new combinations of mechanical elements, and statements of function are included to complete the description of each individual element.

It is important to consider the language of the claims, because the claims of a patent measure the invention (*Rhinehart's, Inc. v. Caterpillar Tractor Co.*, 85 Fed. (2d) 628 (CCA 9, 1936) at p. 635).

This Court appreciates that the margin of invention over the prior art may differ in different patents. At times the novelty defined by a claim over the prior art is such that a Court is warranted in holding the claim void as not amounting to invention. For example, this Court has held claims void where the margin resides primarily in the substitution of a different material (*United States Appliance Corp. v. Beauty Shop Supply Co.*, 121 Fed. (2d) 149 (CCA 9)), or where the novelty over the prior art resides simply in the substitution of well known mechanical equivalents (*Murray Mfg. Co. v. Sumner Iron Works*, 300 Fed. 911 (CCA 9)), or where the novelty is simply a matter of good engineering practice or mechanical skill such as one can expect an engineer or mechanic to exercise (*Wilson Western Sporting Goods Co. v. Barnhart*, 81 Fed. (2d) 108 (CCA 9)).

Plaintiff submits that in the present instance there is ample margin of novelty over the prior art to support all of the claims in suit. However, it is recognized that certain claims may be considered to have a greater margin over the prior art than others. For example, this Court may consider that claim 3 defines a greater margin of novelty than the other claims in suit. Claim 3 defines a new mechanical combination not found in the prior art, including an element, namely a “retractable fold line retaining means”—which is basically new in bag making machines and which is necessary for satisfactory operation of both Plaintiff’s and Defendants’ machines. Even the Defendant Charles F. Schultz admits that the use of this element is basically new in the art (Trans. p. 298), and that it is important to satisfactory operation of his machine (Trans. p. 298). This will be explained in detail in a subsequent portion of this brief.

Referring to the segregation of the claims set forth on pages 7-8 of this brief, of the first group comprising claims 2, 5, 18 and 19, claims 2 and 18 can be taken as typical. Claim 2 reads as follows:

“2. In a machine of the character described for the manufacture of paper bags from sheet material like ‘Cellophane’, a frame forming an operating table, a plate-like mandrel movably secured to said table whereby a sheet of said material can be placed between one side of the mandrel and the table, means for folding the side margins of the sheet over the side edges of the

mandrel, means for folding a projecting end margin of the sheet over one end edge of the mandrel, and means for applying a heated surface under pressure to overlapping portions of the side margins and to the end margin along an area where the end margin overlaps the side margins.”

The above claim is clear in language, and the Court should have no difficulty in applying it to the Gaubert disclosure (Trans. pp. 150-152). The invention defined by claim 2 differs from the disclosure of Beyer particularly in that Beyer does not incorporate the last element of “means for applying a heated surface under pressure to overlapping portions of the side margins and to the end margin along an area where the end margin overlaps the side margins”. This has reference to the electrical T-shaped heater (Figure 2 of patent) which overlies the working table of the machine, and which is automatically lowered at the end of the folding operation to perform the heat sealing operation.

The findings of the lower Court imply that incorporation of a heater into the machine for heat sealing the longitudinal and bottom seams in one operation, falls under the category of either substitution of mechanical equivalents, or mere mechanical skill. In the first place, we do not find such a T-shaped heater in the prior art. Secondly, Hunt's heater is not the mechanical equivalent of the crude pasting devices of Beyer which apply wet paste to the edges before folding.

Before elements can be mechanical equivalents, they must be capable of performing substantially the same function in substantially the same way (*Walker on Patents*, Dellar's Edition, Vol. III, p. 1703). Beyer's pasting devices operate by applying glue or paste to the edges of the sheet of paper before the paper is folded. Hunt's heater works by applying heat and pressure after folding, and it is operated manually. Furthermore, Defendant Charles F. Schultz has admitted that because Hunt does not have a flat heater, it would be necessary to use the heater in a way not intended by Hunt, namely to apply the flat face on the back side (Trans. p. 292). Therefore, no engineer or mechanic could be expected to incorporate Hunt's heater with Beyer's machine, because (a) such an alteration would not involve substitution of mechanical equivalents, (b) it would require a rebuilding of Beyer's machine to form a new type of device, and (c) it would require ingenious conceptions new in the art, including use of a flat surfaced T-shaped heater to simultaneously seal longitudinal and bottom seams and without spoiling the moistureproofness of the cellophane.

Claim 18 of the patent reads as follows:

"18. In a machine for forming bags from sheet 'Cellophane' or like material, a mandrel, means for folding over side and bottom margins of the sheet over the mandrel through angles of substantially 180° , thereby forming a T-shaped overlap area on one side face of the mandrel, a heater having a similar T-shaped heated surface,

and means for pressing said heated surface upon said overlap area.”

The above claim 18 is somewhat similar to claim 2, although it specifies that the folding means forms a flat T-shaped overlapped area on one side of the mandrel, and it calls for “a heater having a similar T-shaped heated surface, and means for pressing said heated surface upon said overlap area”.

In common with claim 2, here again claim 18 differentiates from the prior art in that it calls for a mechanical combination including a T-shaped heated surface and the means or mechanism for pressing the heated surface upon the overlapped area of the moistureproof cellophane. Here again there is an ample margin of novelty over the prior art to support validity.

The remainder of the claims comprising the first group, namely claims 5 and 19, contain language somewhat similar to the above claims 2 and 18.

Claim 3, which may be considered to have an unusually large margin of novelty over the prior art, reads as follows:

“3. In a machine for making paper bags from sheet material like ‘Cellophane’, a frame forming a working table, a plate-like mandrel movably mounted with respect to the table whereby a sheet of said material may be placed between said mandrel and the upper surface of the table, means for folding projecting side margins of the sheet over the side edges of the mandrel, means for folding a projecting end margin of the sheet

over one end edge of the mandrel, and retractable fold-line retaining means adapted to be interposed within the last-mentioned fold.”

All of the elements of the above claim will be clearly understood by reference to the Gaubert patented machine. The mandrel is the plate under which the sheet of cellophane is placed, and about which the cellophane is folded. The Gaubert machine also includes the means for folding over the side margins of the sheet, and means for folding a projecting end margin of the sheet over the end edge of the mandrel, to form the bottom of the bag.

The patent specification points out the purpose of the fold line retaining means as follows (Trans. p. 333, col. 2, lines 8-14):

“* * * In the folding operation just described, it is evident that members 62a and 62b properly hold down the adjacent portion of the ‘Cellophane’ sheet, to avoid undesirable creases and to facilitate formation of properly folded corners and a distinct bottom fold line.”

As previously pointed out, the general combination of elements defined by claim 3 is novel and is not found in Beyer or the other prior art patents, and in addition the combination includes an element never before utilized in a bag making machine of any character. This element is the “retractable fold line retaining means adapted to be interposed within the last-mentioned fold”. In the Findings of the lower Court, no reference was made to prior art with respect to the retractable fold line retaining means de-

fined by claim 3. The only mention of this element is in the last paragraph on page 3 of the Findings which reads as follows:

“Claim 3 calls for a retractable fold-line retaining means adapted to be interposed within the end fold. There is no invention broadly in the use of a retractable fold line retaining means where desired.”

The Defendant Charles F. Schultz admitted the importance of this element and testified that as far as he knew he was unable to find in the prior art any showing of any type of fold line retaining means in a bag making machine (Trans. p. 298):

“Q. Mr. Schultz, this bar, if I take that out of the machine would the machine work?

A. No; not satisfactorily. It will after a fashion.

Q. After what fashion?

A. It will make bags.

Q. What kind of bags?

A. That might be arranged.

Q. Did you ever try to work the machine that way?

A. Yes; accidentally.

Q. How did it work?

A. It has made bags, they are not as satisfactory; they are not folded as neatly.

Q. Will you run your machine and try to make some bags that way?

The Court. Well, I think his admission is sufficient for all purposes.

Mr. Flehr. All right, your Honor.

Q. Now, do you find anything in the prior art which shows a fold line retaining means in

conjunction with a mandrel in a machine for making bags?

A. At the moment I don't recall any.

Q. You don't know of a thing, do you?

A. I don't recall anything in the prior art."

Defendants took no testimony or offered no evidence whatsoever tending to belittle or depreciate the importance of the combination defined by claim 3, including the retractable fold line retaining means. On the contrary, we have the Defendants' admission that the concept of a fold line retaining means in a bag making machine is broadly new in the art, and that it contributes to utility.

Plaintiff's expert also made clear that the fold line retaining means was important to the invention and is of great utility. Briefly, he points out that without the use of such a device it would be impossible to make the end folding operation for forming the bottom of the bag, without wrinkling the cellophane on the upper side of the mandrel. With a fold line retaining means a definite fold line is established for the top side of the bag so that an end fold can be made without wrinkling (Trans. pp. 242-243).

The Defendant Charles F. Schultz in testifying concerning the fact that Beyer fails to make use of a fold line retaining means, makes clear that in view of this omission, the Beyer patent would have no value unless used with respect to a sheet of paper having cutaway corners and with simply a projecting tab to form the bottom of the bag (Trans. p. 268). In this connection note, however, that the Beyer

patent is indefinite in its disclosure, because it does not point out that the machine is useless unless used with a piece of paper having cutaway corners and a tab to fold over in order to form the bottom of the bag.

In view of the above, Defendants cannot contend in good faith that claim 3 is void. There is no question of substitution of equivalents, because the prior art did not disclose any kind of fold line retaining means in a bag machine. In view of the testimony of record and Defendants' admissions, it is clear that no mechanic or engineer could be expected to conceive of this new combination and to reduce the same to practice, without exercising a high order of invention.

Claim 8, which has been referred to as defining a specific type of end folding means, reads as follows:

"8. In a machine of the character described for making paper bags from sheet material like 'Cellophane', a frame forming a working table, a plate-like mandrel overlying the upper surface of the table, means serving to pivotally connect the rear edge of said mandrel with said frame, whereby the mandrel may be swung in a vertical plane with respect to the table and whereby a sheet of said material may be placed between the mandrel and the upper surface of the table, means for folding projecting side margins of the sheet of material over the side edges of the mandrel, means for folding a projecting end margin of the sheet over the forward end edge of the mandrel and for gripping the folded end margin of the sheet with respect to the forward edge of

the mandrel, said last means including a gripping bar, and means for actuating said gripping bar to translate it into an elevated position overlying the forward edge of the mandrel, followed by lowering of the bar into engagement with the mandrel."

The above claim particularly defines the mechanism used in the Gaubert machine for making the end fold which forms the bottom of the bag. The "gripping bar" referred to above is numbered 74 in Figure 9 and is shown in detail in Figure 4 (Trans. pp. 320, 322). It is described in detail on page 3 of the patent specification (Trans. p. 333) first column, lines 37 to 75 inclusive, and continuing in the second column through line 14.

To briefly describe operation of this folding or gripping bar without reference to the linkage connecting it to the operating means, in making an end folding operation, the bar moves upwardly and over the forward edge of the mandrel, after which it moves downwardly to the mandrel in order to complete the fold. This is distinctly different from the Beyer patent where the end folding means is simply a sliding plate which is reciprocated in a straight line over the end of the mandrel.

With Beyer's machine (Trans. p. 454, Figures 3 and 4) the end of the paper must overlies the end folding means L at the time the mandrel B is first lowered upon the table A. Therefore, assuming that the paper has a tab or flap to form the bottom of the bag, this tab must be above the plane of the man-

drel, to have it rest upon the folding device L. Beyer then proposes to fold over the flap from such an initial position to a position over the mandrel B. If one attempted to use a piece of paper without cutaway corners in the machine of Beyer, then it is clear that the entire end of the paper would rest upon the folding device L in the same fashion, and therefore the paper as a whole would not lay flat. Obviously this would prevent proper folding over of the sides of the paper because such a fold can be made only when the complete sheet of material is flat.

In Gaubert's machine as shown in his Figure 4 (Trans. p. 320), the bar 74 is normally below the plane of the working table 10, and thus the cellophane sheet 286 lays flat beneath the mandrel 36 before and during side folding. Thereafter as previously described, bar 74 moves upwardly and over the forward edge of the mandrel, and then downwardly to complete the end fold.

The Defendants have not questioned the utility of Gaubert's end folding means, which is defined with particularity in claim 8. They have acknowledged its utility by adopting a similar mechanism in their machine.

The record fails to explain or support the lower Court's holding of invalidity with respect to claim 8. Defendants are unable to point to prior art showing the type of end folding means defined by the claim. It is futile to speculate on possible changes to Beyer to anticipate this subject matter. The two end folding devices are totally different and the differences

are not simply a matter of choice, but involve a vital difference in mode of operation and results accomplished.

Claim 14, covering a combination of steps comprising a method, reads as follows:

“14. In a method for making bags from sheet material like ‘Cellophane’, characterized by the use of a plate-like mandrel having a contour corresponding generally to the contour of the finished bag, arranging the sheet of material adjacent one side of the mandrel, successively folding the projecting side margins of the sheet through angles of substantially 180° and over the side edges of the mandrel, folding a projecting end margin of the sheet through an angle of substantially 180° and over the adjacent end edge of the mandrel, whereby both the folded side and end margins are in substantially a common plane, and then applying pressure and heat to the overlapping portions of the folded side margins of the sheet and also to that portion of the end margin overlying the folded side margins.”

The language of the above claim distinguishes over the method of Beyer, particularly by specifying, “applying pressure and heat to the overlapping portions of the folded side margins of the sheet and also to that portion of the end margin overlying the folded side margin”. Therefore, it is submitted that this claim has ample novelty over the prior art to support validity, for the same reason brought out above in connection with claims 2, 5, 18 and 19.

At the time of trial, Defendants did not question or controvert utility of this method. However, according to the Findings, the lower Court held this claim to be unpatentable over the practice of making glued paper bags as practiced by Beyer plus the knowledge that moistureproof cellophane could be heat sealed in the making of bags, as shown by Becker, plus the knowledge that a heated iron could be used to heat seal an interfolded liner made of waxed paper, as shown by Hunt.

Plaintiff submits that the prior art disclosures are so isolated and disconnected from each other that they would not teach or suggest the practice as defined by claim 14. For example, if such prior art disclosures were made known to a hypothetical person skilled in the art, he would not attempt to produce a bag differing in construction from the bags shown in Beyer, Hunt or Becker. Actually, however, the method of claim 14 produces a new type of bag, as has been previously pointed out. It is not the bag of Beyer, even though Beyer should attempt heat sealing, because as previously pointed out and even as admitted by Defendants, if the Beyer machine is workable at all it must be used on a sheet of material having cutaway corners with only a tab for forming the bottom of the bag (Trans. p. 269). At the time of the trial the Defendants did not contend that the Defendants' bag was old in the art. They were merely satisfied to point out the absence of claims in the Gaubert patent to the bag itself.

THE MARGIN OF NOVELTY DEFINED BY THE CLAIMS
IS AMPLE TO SUPPORT VALIDITY.

Plaintiff fully appreciates that mere novelty by itself may not necessarily support validity of patent claims. The novelty must rise to the dignity of invention. *Cuno Engineering Corporation v. The Automatic Devices Corporation*, decided Nov. 10, 1941, 86 L. Ed. 21.

In the case of machines, the most common type of invention which has been clearly recognized as patentable by the Courts is the creating of a new combination of elements or mechanical parts, which form a new working organization to make possible new or improved results. All of the mechanical parts or elements of an invention may be old by themselves, and the individual elements may have been used before in machines for the same purpose. Therefore, the novelty in such cases resides in the new working combination of mechanical parts.

As in the *Cuno* case (*supra*), it is not uncommon for Courts to rule that differences between the invention defined by the patent claims and the prior art, are such that they might be expected of an average skilled mechanic having knowledge of prior art devices, particularly where the patented device has not solved a real problem or fulfilled a need. The realm of patent protection should properly apply to advances in the art requiring some inventive genius. The inventive genius need not be that of an Edison, but should be more than that which can be expected of an ordinary mechanic. This does not mean that

ordinary mechanics cannot create inventions worthy of protection by the patent law. On the contrary, many inventions of recognized value have been made by mechanics. However, as contemplated by the law, an ordinary skilled mechanic can be expected to make minor changes or refinements to machines to increase their effectiveness, and such changes or refinements are not subject to protection.

In the present instance Gaubert did not simply utilize what was known in the prior art, in the way an ordinary mechanic might be expected to do in the usual course of his trade. The average mechanic does not go out of his way to radically change what has previously been done. It is human nature to continue to do what others have done, and to make only such changes or refinements as may be self evident. For example, if a given machine appeared to have an inferior jaw type clutch, the average mechanic might be expected to pick out a superior friction type clutch and employ it to refine and better the machine. If an ordinary mechanic were requested to take the Beyer machine and improve it by his knowledge of other structures, he might for example use better mechanical parts to operate the folding plates than the ropes or cords of Beyer, or he might make use of a clutch and a motor for driving the folding mechanism, or he might select a more efficient glueing or pasting attachment from devices available. He could not be expected, and in fact it would be beyond his skill, to undertake the building of a completely new machine, using heat sealing means in

place of pasting devices, and utilizing cellophane with square cut ends in place of paper with tabs to form the bottoms of the bags. Any such development would be distinctly in the realm of experimental research, and not even a highly trained engineer would be willing to accurately predict the successful outcome of the development. It is development work of this character which when reduced to successful practice, constitutes properly patentable invention. It is not against public policy to properly enforce patents covering such inventions, because the patents reward creative effort and research development such as is required for industrial progress, and because after the seventeen year term of the patent, the subject matter is made free to the public for anyone to use.

A great many authorities might be cited in support of the above. A few such authorities, selected at random, are as follows:

Kendall v. Winsor, 21 Howard 322 at pp. 327-8:

“It is undeniably true, that the limited and temporary monopoly granted to inventors was never designed for their exclusive profit or advantage; the benefit to the public or community at large was another and doubtless the primary object in granting and securing that monopoly. This was at once the equivalent given by the public for benefits bestowed by the genius and meditations and skill of individuals, and the incentive to further efforts for the same important objects. The true policy and ends of the patent laws enacted under this Government are disclosed

in that article of the Constitution, the source of all these laws, viz.: 'to promote the progress of science and the useful arts', contemplating and necessarily implying their extension, and increasing adaptation to the uses of society.'

Seymour v. Osborne, 11 Wallace 516 at p. 533:

"Letters patent are not to be regarded as monopolies, created by the executive authority at the expense and to the prejudice of all the community except the persons therein named as patentees, but as public franchises granted to the inventors of new and useful improvements for the purpose of securing to them, as such inventors, for the limited term therein mentioned, the exclusive right and liberty to make and use and vend to others to be used their own inventions, as tending to promote the progress of science and the useful arts, and as matter of compensation to the inventors for their labor, toil, and expense in making the inventions, and reducing the same to practice for the public benefit, as contemplated by the Constitution and sanctioned by the laws of Congress."

United States v. Dubilier Condenses Corp., 289 U.S. 178 at p. 186.

"Though often so characterized a patent is not, accurately speaking, a monopoly, for it is not created by the executive authority at the expense and to the prejudice of all the community except the grantee of the patent. *Seymour v. Osborne*, 11 Wall. 516, 533, 20 L. ed. 33, 35. The term monopoly connotes the giving of an exclusive privilege for buying, selling, working or using a thing which the public freely enjoyed prior to the

grant. Thus a monopoly takes something from the people. An inventor deprives the public of nothing which it enjoyed before his discovery, but gives something of value to the community by adding to the sum of human knowledge.”

Under this section no attempt will be made to repeat the advances made over the prior art as defined by the claims of the patent, and which are set forth in detail in the previous section of this brief entitled “Specific Analysis of Patent Claims and the Novelty over Prior Art”. The main point to note is that the differences over the prior art as defined by the claims clearly indicate a new type of machine and method of forming bags, which required genius and creative effort to produce, and which certainly is entitled to the protection of the patent laws.

OTHER FACTS PERTINENT TO VALIDITY (IN GENERAL).

Courts frequently inquire about matters other than novelty over the prior art, in connection with the validity of patent claims, and in determining the general quality of invention. Briefly, the most important of such matters are as follows:

1. The History of the Invention.

Frequently a knowledge of the way in which the invention was brought about will enhance one's appreciation of the accomplishment.

2. Commercial Success.

Successful manufacture and sale is indicative of invention, particularly if the commercial success is attained upon the merits of the device instead of by high powered advertising.

3. The Solving of a General Problem.

Where a real industrial need has been fulfilled or a problem has been solved, one is entitled to presume that the inventor actually did do something beyond the skill of an average mechanic.

4. The History of the Patent Claims in the Patent Office Before Issuance of the Patent.

In this connection, it is pertinent to inquire whether the prior art being used to anticipate at the time of adjudication, was considered by the Patent Office officials at the time of allowance of the patent claims.

The present case is unusual in that Plaintiff can show ample facts under each of the above four groups, which serve to support and reinforce validity.

HISTORY OF DEVELOPMENT BY GAUBERT, COMMERCIAL SUCCESS, SUPPLYING OF NEED.

In 1934 the food industry was faced with a serious packaging problem, particularly in connection with the sale of products like cookies (Trans. 65-68, 155, 162). At that time Mr. Gaubert contacted manufacturers of cakes and cookies in connection with sale of a machine for wrapping pies and cakes in moisture-proof Cellophane (Trans. p. 65). The industry ap-

preciated the advantages of moisture-proof cellophane in the marketing of cookies to prevent deterioration in wet climates but they were unable to secure suitable cellophane at a reasonable price from large bag manufacturers (Trans. pp. 156, 162). At that time large bag manufacturers were endeavoring to sell the trade so-called half or window cellophane bags, but these bags were unsatisfactory because they did not afford the desired moisture-proof protection. Bag manufacturers were also endeavoring to sell bags made entirely of moisture-proof cellophane which were made of sheet material glued together, but the expense of these bags was prohibitive (Trans. p. 156).

Gaubert learned of this problem in 1934 and set about to develop a machine which could be used by manufacturers of cookies and similar products in their own establishments to make their own cellophane bag requirements (Trans. pp. 68-69). Within a few months after tackling the problem, Gaubert conceived and built a hand-operated machine (Plaintiff's Exhibit III) which enabled him to manufacture a satisfactory heat-sealed, all cellophane bag (Trans. p. 68). Bags made upon this machine were submitted to customers like Hostess Cake Kitchen of San Francisco, California, and Mother's Cake and Cookie Company of Oakland, California (Trans. pp. 69, 163). Thereafter, Gaubert proceeded to develop a machine for commercial manufacture. The witnesses, Mr. Goldie and Mr. Meder of the Hostess Cake Kitchen and Mother's Cake and Cookie Company respectively (Trans. pp. 153, 159) clearly proved the need of the industry at that time. Briefly the industry was in need of a simple

machine which could be used in their own establishments, for making their own cellophane bag requirements. Mr. Meder's favorable reaction to the invention when he was shown Gaubert's working model, is indicative of the need of the industry for such a machine (Trans. p. 163).

“Q. Did you see anything on the floor, here, like that machine?

A. This machine, here, is the one he showed me.

Q. The machine is Plaintiff's Exhibit 3.

A. Of course, I encouraged him, because that was just the thing that I had been looking for.”

Gaubert delivered his first commercial machine to Hostess Cake Kitchen of San Francisco in June of 1935 (Trans. p. 70). Gaubert and Mr. Goldie of Hostess Company testified as to the successful operation of the first machine and this testimony reveals how well Mr. Gaubert had solved the problem. The same day the machine was delivered, Mr. Gaubert taught a totally inexperienced girl how to operate the machine, and the girl continued such operations for several years (Trans. p. 75).

Gaubert, under the name of Simplex Wrapping Machine Company, has continued since 1935 to manufacture and sell machines incorporating his invention and he has built up a modest but substantial business since that time (Trans. pp. 103, 104). For a number of years he manufactured his machine in accordance with Plaintiff's Exhibit 4 (Trans. pp. 103, 104). More

recently he has manufactured and sold a full automatic machine (Plaintiff's Exhibit 6, Trans. p. 104).

His machines have been used in various parts of the United States and up to the time of trial he had sold 127 machines of the type of Plaintiff's Exhibit 4 and 69 machines like Plaintiff's Exhibit 6 (Trans. pp. 79, 103).

Aside from commercial success as established by the number of machines manufactured and sold by Gaubert, the witness Goldie of Hostess Cake Kitchen and Mr. Meder of Mother's Cake and Cookie Company convincingly testified concerning the enthusiastic reception and successful use of the machine in the food industry, and with respect to the savings which the machine has effected in its use (Trans. pp. 156-9, 164). Meder testified that use of bags made by the machine, for the marketing of its cookies, greatly increased sale of such products (Trans. p. 164). Here we have an instance in which Plaintiff's invention brought increased commercial activity to another industry, as is frequently the case with successful inventions.

Many authorities make reference to the supplying of a real need in an industry, the solving of a real problem, and commercial success, as supporting and reinforcing the validity of patent claims.

Julius Levine & Co. v. Automatic Paper Machinery Co., 63 Fed. (2d) 547 (CCA 3);

Hartford Empire Co. v. Hazel Atlas Glass Company, 59 Fed. (2d) 399 (CCA 3) 1932;

Benjamin Electric Manufacturing Co. v. Northwest Electric Equipment Co., 251 Fed. 288 (CCA 2) 1918;

Black & Decker Mfg. Co. et al. v. Baltimore Truck Tire Service Corporation, 40 Fed. (2d) 910 (CCA 4) 1930;

Flintkote Co. v. National Asbestos Mfg. Company, 52 Fed. (2d) 719 (CCA 3) 1931.

VALIDITY IS SUPPORTED BY THE PROCEEDINGS IN THE PATENT OFFICE BEFORE ISSUANCE OF THE GAUBERT PATENT.

While the presumption of validity by virtue of issuance of a patent is not considered to be a strong one, a stronger presumption is raised where the Patent Office gave due consideration to the same prior art later urged against the claims, at the time the claims were granted.

The complete Patent Office file of the Gaubert patent (Trans. pp. 365 to 436) includes not only the specification as originally filed, but also all of the official actions by the Patent Office Examiner, and the responses made by Gaubert's attorney in order to secure final allowance. In the first Office Action by the Examiner (Trans. p. 407), Hotchkiss 135,275, Hunt 515,121, Johnson 1,368,633 and Corse 1,703,723 were cited by the Examiner. All of these patents are now being urged by the defendant. In this first Action the Examiner did not attempt to reject or allow claims, but merely brought up a question of division.

In the next Office Action (Trans. p. 410) the Examiner cited the further prior art patents to Beyer 251,402 and Hesser 1,020,821. This is the same Beyer

patent which is now the primary prior art citation relied upon by the defendant. While the Examiner in this action held some claims to be too broad in view of Beyer, a large number of claims were allowed, including claims 2, 3, 5 and 8 now in suit. After amendment and argument by Gaubert's attorney, the application was allowed in entirety.

Authorities supporting a strong presumption of validity when the Patent Office record is as outlined above, are as follows:

- J. A. Mohr & Sons v. Alliance Securities Co.*,
14 F. (2d) 799 (CCA 9) (1926);
Nordberg Mfg. Co. v. Woolery Machine Co.,
79 F. (2d) 685 (CCA 7) (1935).
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INFRINGEMENT—IN GENERAL.

The findings and conclusions of law make no statement concerning infringement. However, the record shows ample evidence to support a finding of infringement.

In reviewing plaintiff's case on infringement, the construction of defendant's bag making machine will be explained and it will be pointed out that defendant's machine appropriates the subject matter defined by the patented claims in suit.

**CONSTRUCTION AND OPERATION OF DEFENDANTS'
MACHINE.**

The defendants' machine forms a moisture-proof, heat-sealed cellophane bag which is practically identical to the bag made by Plaintiff's Exhibit 4. (Compare plaintiff's Exhibit 8 made on Plaintiff's Exhibit 4 and Plaintiff's Exhibit 15 produced on Defendant's Exhibit A). Note that the bottom of each bag is formed by a complete fold-over of the material, as distinguished from the folding over of a flap or tab such as referred to by Defendants in explaining prior art practices in the manufacture of ordinary paper bags (Plaintiff's Exhibit 21 Trans. pp. 249, 269). Also note that the heat seal is over a flat "T" shaped area which is confined to the overlapping portion and which is all on one side of the bag. As previously pointed out, these cellophane bags are of a construction which is not found in the prior art. Referring to the drawing of the defendant's machine printed in Exhibit 11 (Trans. p. 348) the machine includes generally a frame A which has supporting legs and which has a top surface A1 which can be termed a working table. The flat flexible mandrel B overlies this table, and this mandrel has a rear extension B1 which is secured to the bracket B2. On defendant's physical Exhibit A one can verify that this mandrel is movable because it can be readily picked up by hand. Such movement permits the cellophane to move beneath the mandrel (Trans. p. 205). From the drawing, plaintiff's Exhibit 11, it is difficult to understand the means used for folding over the sides of the cellophane. This can be better understood by Defendant's Exhibit A, par-

ticularly if a sheet of cellophane is in place on the machine.

Instead of defendant's machine being made to receive separate cut sheets of Cellophane, as with the machine of plaintiff's patent, it is made to take a continuous strip of moisture-proof Cellophane which is supplied from a roll. The roll of Cellophane is on plaintiff's Exhibit A but is not shown on plaintiff's Exhibit 11. Certain parts on plaintiff's Exhibit 11 do not appear because of the qualified wording of an Order of the trial court permitting making of a drawing from defendant's machine (Trans. pp. 25-26). The order excluded the right to make copies of certain parts, on the theory that these parts were not directly involved in the suit.

The strip of Cellophane as it leaves the roll at the back of the machine passes downwardly beneath the rear end B3 of the mandrel extension B1 and then forwardly under the mandrel. In connection with this bending, or change in direction of the sheet from a downward to a horizontal direction, the side margins of the sheet are caused to bend over and to lay down upon top of the mandrel, thus forming the longitudinal overlap.

A finger C-3 insures folding of one side margin over the other. Rollers C-1, C-2 engage the margins to complete the side fold and to tighten the sheet over the mandrel. Bar C-4 simply holds down the side margins after they have been folded. With the means just described, the strip of moisture-proof cellophane is

completely folded as it reaches the main part B of the mandrel beneath the T-shaped heater E.

The means for making an end fold in the Defendants' machine is the bar D. This bar is pivotally mounted upon lever D-3 which in turn is rocked periodically by the cam D-4. Plaintiff's Exhibit 20 (Trans. p. 363) illustrates the action of bar D, and the manner in which it folds over the end of the sheet of material. As shown by the dash-dot line which traces movement of the bar, it moves upwardly and then over the forward edge of the mandrel, and then downwardly to complete the fold.

As shown in detail in Plaintiff's Exhibit 22 (Trans. p. 364), the heater of Defendants' machine is T-shaped. Referring back to Plaintiff's Exhibit 11 (Trans. p. 348) this heater is carried by the mounting E-1, which is pivotally attached at the rear end of the machine and which is counterbalanced by a spring. The heater is moved up and down by the pull rods E-2 which in turn are operated by the eccentrics E-3.

Defendants' machine also incorporates the important retractable fold line retaining means. In the Defendants' machine this is a flat bar F which overlies the forward part of the mandrel and which is operated by the pins F-1. These pins are attached to a shaft, which is rocked by arm F-2. The free end of this arm has a roller which engages a rotating cam F-3.

During an end folding operation with defendants' machine, bar F is in the position shown in Plaintiff's Exhibit 20 (Trans. p. 363) but before the heater comes

down to make a seal, the bar is retracted toward the rear of the machine and out of the end fold.

By inspection of the drawing, Plaintiff's Exhibit 11 alone, it is difficult to follow through a complete operation of the machine, because of the omission of certain parts. It is easier to understand this operation by reference to Defendants' physical Exhibit A. The machine includes a mechanism at the front which oscillates toward and away from the forward end of the mandrel and which constitutes a gripping means to grip the end of a completed bag, and to pull it forwardly.

Defendants' Exhibit A also incorporates cutting knives near the front of the machine, and these cutting knives are operated so that after the gripping device has gripped the end of a completed bag, and pulled it forwardly, the cutting knives operate to cut off the bag from the remaining part of the cellophane.

To briefly review operation of Defendants' machine, by reference to Defendants' Exhibit A, one should assume that the end of a completed bag has been seized by the forward gripping device and has been pulled forwardly and cut off by the cutting knives. During this advancing of the strip of cellophane below the mandrel, the side fold is carried out so that as the cellophane is positioned below the heater, a longitudinal overlap is formed. At the time the material is cut, the retractable fold line retaining bar F is positioned as shown in Plaintiff's Exhibit 20, that is, over the forward edge of the mandrel, and the end folding bar D then moves in the manner shown in

Plaintiff's Exhibit 20 to fold over the projecting end of the cellophane. At the end of this folding operation the fold line retaining bar F is retracted toward the rear of the machine, and then the heater is pressed downwardly upon the mandrel to simultaneously seal both the longitudinal overlapping portions and the bottom portions.

There are obvious differences between the machine of the Gaubert patent and the Defendants' machine but the record clearly shows that such differences do not avoid infringement. Plaintiff's expert Mr. Kercher pointed out that the subject matter defined by the claims in suit was to be found in Defendants' machine, and that the claims were not limited to features not incorporated in Defendants' machine. Mr. Kercher's analysis of the patent claims in suit is set forth in Plaintiff's Exhibit 14 (Trans. p. 349). This analysis refers to the letters and numbers on the drawing Plaintiff's Exhibit 11 (Trans. p. 348).

EQUIVALENCY AS TO ELEMENTS.

Plaintiff's expert, Mr. Kercher, made out a clear case as to equivalency of elements. The Defendant Charles F. Schultz, testifying as his own expert, made no effort to specifically rebut Mr. Kercher, except to point out certain apparent differences between the machines. For example, Mr. Kercher pointed out equivalency with respect to the working table, the mandrel, the side folding means, the end folding means, the heat sealing means, and the retractable

fold line retaining means (Trans. pp. 150, 151, 152, 175 to 184). It was clearly demonstrated to the Court by slow motion moving pictures that the mandrel of the Defendants' machine moves vertically during operation, to enable the sheet of cellophane to advance beneath the mandrel (Trans. pp. 187-190). Incidentally this matter of use of a movable mandrel demonstrates the lack of reliability of testimony by the Defendant Charles F. Schultz. At the beginning of the trial he made the positive statement that the mandrel on his machine did not move (Trans. pp. 122, 123). As previously pointed out, it was subsequently demonstrated to the satisfaction of the Court that the mandrel did move.

With respect to use of a T-shaped heater, Defendants at the time of trial endeavored to show lack of equivalency, on the grounds that their heater was not a complete T. This can be explained by reference to Defendants' physical Exhibit A. Note that the bars forming the lower heated surface of the heater are spaced apart to form a gap, while with the Gaubert machine, Plaintiff's Exhibit 4, there is no such gap.

Plaintiff's expert Mr. Kercher clearly pointed out that this gap in the Defendants' heater was of no consequence in avoiding infringement, and was present because in the Defendants' machine the retractable fold line retaining means is in the form of a single bar F, and the gap serves to accommodate this bar during the heat sealing operation (Trans. p. 147). He also pointed out that the apparent gap left in the seal because of the spacing of the heated bars made no actual

difference, because this portion of the bag was actually sealed in a preceding sealing operation. Note in this connection that the machine shown in the Gaubert patent permits elimination of such a gap, because the fold line retaining means is in the form of two bars or strips which are completely retracted from the upper side of the mandrel.

Defendants have endeavored to show general lack of equivalency by pointing to the efficiency and capacity of their machine in comparison with Plaintiff's Gaubert machine Exhibit 4. Plaintiff readily admits that Defendants' machine Exhibit A is capable of producing far more bags per hour than the machine shown in the patent in suit, and that it will produce these bags without continual manual labor. However, additions or improved features placed upon a patented machine do not avoid infringement.

**FULL AUTOMATIC FEATURE OF DEFENDANTS' MACHINE
DOES NOT AVOID INFRINGEMENT.**

One apparent difference between the machine shown in the Gaubert patent and Defendants' machine is that Defendants' machine is fully automatic after being set into operation, while with the machine shown in the Gaubert patent, the sheet of cellophane is first cut into pieces which are then introduced manually into the machine. As previously pointed out, with the Gaubert machine after a piece of material has been placed in the machine below the mandrel, the clutch pedal is depressed, and the machine proceeds to operate auto-

matically until the bag is completed. Then the operator removes the completed bag manually. The element of labor is removed from the Defendants' machine, except in setting up the machine for operation.

Changing a patented machine so as to make a part or all of the functions automatic does not avoid infringement.

Lakewood Engineering Co. v. Walker, 23 Fed. (2d) 623 (C.C.A. 6, 1928).

Columbia Wire Co. v. Kokomo Steel & Wire Co., 143 Fed. 116, 123 (C.C.A. 7, 1905):

"The remaining contention, that the appellee's device escapes infringement through its additional means and function in the automatic regulation of tension, does not impress us tenable, under our conclusion that the three-wheel combination of the patent is appropriated, with all its results, as an entirety."

CONCLUSION.

In view of the foregoing, it is submitted that the trial Court was in error in holding for the Defendants, in dismissing the Bill of Complaint, and in holding the claims in suit to be void. The record fails to show facts warranting invalidity of the claims. On the contrary, the evidence of record shows that the subject matter defined by the claims has ample novelty and utility to support validity of the patent grant.

It is further submitted that Plaintiff has fully supported the burden of proof on infringement, and

that the claims in suit are infringed by the Defendants' machine.

Plaintiff submits that the decision of the lower Court should be reversed, and that the lower Court should be directed to hold the patent claims in suit are valid and infringed.

Dated, San Francisco,
February 2, 1942.

Respectfully submitted,

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